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Caldwell, R.J.

Collective bargaining, a democracy of industry

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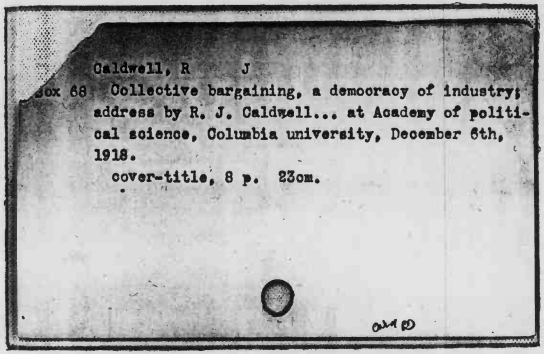
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COLLECTIVE BARGAINING— A DEMOCRACY *of* INDUSTRY

Address by

R. J. CALDWELL

President R. J. Caldwell Co.
Vice-President Connecticut Mills Co.
Vice-President Canadian Connecticut Cotton Mills Ltd.
Vice-President Taunton Cotton Mfg. Co.
Vice-President Nobska Spinning Co.

AT

Academy of Political Science
Columbia University
December 6th, 1918

COLLECTIVE BARGAINING—
A DEMOCRACY OF INDUSTRY

We may say, I think, that in our American Revolution we accomplished a democracy of government in theory. In the 140 subsequent years we have endeavored, as we have gained experience, to acquire a political democracy in fact. We have not yet attained perfection.

During that time the world has made the greatest material progress history has known.

The railroads, steamboats, electric telephone, telegraph and lighting, trolley cars, the wireless, the automobile, the moving pictures, the phonograph, airplanes, steel ships and buildings, labor-saving machinery—and what not?

We have lived in a machinery age, the dazzling progress of which has engrossed our attention to the detriment of the human element.

This war has brought us back to a consciousness of the human factor.

I venture to prophesy that we stand to-day on the threshold of a new era of worldwide recognition of the rights of mankind.

It shall embody results which no one can now have the vision to comprehend.

It is true—and it is right. And the power of right is going to be the dominating influence in the world hereafter more and more.

Our Declaration of Independence states that all men are created equal. (It does not say anything about women.) But all men do not equally share in the opportunities which this great country affords.

We will confine ourselves to-night principally to the commercial aspects of the question.

The commercial agencies state that 95% of all business ventures fail. This is evidence of two things—first, that **our commercial structure is reared on a plan too difficult for most people to master.**

Second, **our commercial scheme does not generally educate employees in a way to prepare them for the higher degrees of usefulness of which many are capable.**

4 March, 1920 - C.R.W.

The commercial management of the country is in too few hands because too few are capable of administering it.

It is not against the interests of either the present administrators of commercial activities or of the country, to have a greater number equipped to take a larger part in shaping our destiny.

On the contrary, it is for the benefit of all. For the truth of this we have but to turn to the backward countries of China and Russia, where the per capita wealth and number of very wealthy is infinitesimal, compared with our own land, just because the masses of their people are ignorant, and so poorly equipped to take a more vigorous part in the life of the nation.

Scripture tells us that bricks cannot be made without straw, and a virile, progressive commercial nation cannot be, without an intelligent, industrious, consuming people.

And a progressive nation is not soundly organized when the control of affairs is confined to too few hands.

Whereas we pride ourselves on our democracy of government, **we must admit that we live under a rather pronounced monarchy of industry.**

A monarchy rather more than a plutocracy, for the lot of the workingman is not essentially different with a small employer of limited means than with a larger operator of wealth.

The workingman is just as much controlled in the one case as in the other, and has just as little voice in the management of his own affairs in either case. **It is the fundamental principle in the field of labor that is wrong.**

In commerce we practise an oligarchy just as much as Russia has practised it heretofore politically. **We must establish a democracy of industry as well as a democracy of government.**

We frequently hear in this country that the voice of the people in affairs of state is seldom wrong, and that public decisions are just decisions.

This is because the public have been educated to intelligently exercise their rights through suffrage in an expression of their views.

When labor have had the opportunity to train their judgment concerning their industrial welfare, as they have in respect to their political welfare, their judgment will be as good in the one case as in the other.

But this necessitates that labor be given the opportunity to so express themselves relative to their commercial welfare.

In short, **industrially as well as politically, we must operate by the consent of the governed.**

Industry is built up on the basis of protection to the employer, as the custodian of property, and on the theory that labor is a commodity.

The latter conception is wholly wrong—the former is only partially sound.

Employers and property should of course be protected, without which society could not endure. This applies to men of small means as well as to those of large wealth.

But the time has come when we must change our conception of labor.

The employee should be a co-custodian of property, with employer—as a stockholder.

When times are dull an employer does not neglect his machinery or his plant. Why should he neglect his employee? **Why should it be possible for him to neglect his employees?**

Are industries for employers alone? Why should the employer determine the fate of the employees without ever consulting them?

Why should the employee not have a share in deciding matters which concern them quite as much as they concern the employer? The body of wage earners is vastly greater than the body of industrial managers and proprietors.

Why should we after 140 years of democratic government politically, maintain such an oligarchy industrially?

Commerce engages and dismisses labor on the same principle by which it supplies itself with any commodity. **If a rubber manufacturer requires less rubber than usual the rubber can be stored without suffering any injury.**

But one cannot store away men and women, and lay them on the shelf like merchandise, to be taken down again at some future time when needed.

Working men and women are living souls with human necessities and rights. They are just as hungry in dull times as in times of activity.

Most working people never earn enough to make provision in times of employment against periods of unemployment. It has been shown that even with the present high wages most working people are not so well off as they were in 1914 because of the higher cost of living.

But all these questions are too involved a science for the average working men to successfully contend with, and **we who might solve them do not. We concern ourselves not at all.**

When it suits our convenience we discharge our employees with no concern about their welfare, which in times of general unemployment visits upon the employee body consequences disastrous and dire.

Does it take a sage or a seer to understand that the continuance of such a condition will lead to chronic discontent, with unhappy results to all?

Are we not inviting here the conditions which we see prevailing in Russia?

We are perfectly aware that Germany has in operation in the United States a far-reaching system of propaganda, calculated to foster discontent in order to keep us so occupied at home that we will not be able to contend with them in the commercial fields of the world.

Shall we permit Germany to gain this victory over us after she has lost the war? Are we so insensible to the principles of justice that we shall not right this thing of our own accord without having to be prompted by fear of retribution?

Every industry should, in times of plenty, provide an insurance fund against a time of famine for its own members. This would work no injustice on any employer, for by enactment of Federal law it would affect all alike.

It would be the greatest single solution to the question of poverty that could be devised.

When an investment is made in an enterprise, preferred stock represents the amount of cash paid in, and a free bonus of common stock represents the future hopes of the investors. Why should this feature of profit sharing be confined to those who make the monied investments, and denied to those who are quite as essential to the success of the company?

The money and management is no more essential than the labor of the employee. There is a difference in degree, but not in fact.

In addition to the standard wage which an employee receives, why should not he—for the term of his connection with the company—also get a free bonus of common stock to represent *his* future hopes of the prosperity of the company, to which the character of his labor constitutes a material contribution.

His wages may be looked upon in the light of a preferred dividend upon his labor, which is the only thing he possesses to contribute, in the same sense that the monied investor receives a preferred dividend on his money.

After the preferred dividends are met, the proceeds should be shared fairly with all who contribute to the progress of the

company. **Such an arrangement right now, in the absence of any law, would not be detrimental to any company.**

The prosperity of the South began after slavery was abolished, and a new era of prosperity will be ushered in when employees feel they are being treated fairly and their tenure of occupation is as reasonably secure as it can be made.

But we violently oppose the idea of giving employees any voice generally in determining their own working conditions. We fail to safeguard their health, then obstruct the enactment of child labor and workingmen's compensation acts.

Since the Whitley report in England on joint industrial conferences and the governmental action based upon it, labor is enjoying a share in its own industrial government.

By this plan every particular business has its own managing committee chosen from the workers and the employers. These then elect representatives to the general committee representing the whole industry, and that group in turn elects its representatives to Parliament.

Legislation similar to this is what we need.

Mr. Rockefeller in his "Brotherhood of Men and Nations" describes how when industry was small employees and employers came in close contact and a state of brotherhood existed between them.

But now in the vast realm of modern commerce corporations are composed of stockholders widely scattered, so that personal contact and acquaintance between employer and employed is in a large measure quite impossible.

Strangeness engenders suspicion, which too frequently is forming a chasm of misunderstanding between those involved. "Instead of brotherhood there has developed distrust, bitterness, the strike and the lockout." "The conclusion is drawn that labor and capital are enemies and their interests antagonistic; that each must arm itself to wrest from the other its share of the product of their common toil."

"This conclusion is false. Labor and capital are partners with interests in common. Neither can get on without the other. . . . . Contact between the two sides must be re-established by the election by the workers of committees to represent them in dealing with the owners."

"The principle of this representation, including adequate machinery for the early uncovering and adjustment of grievances, was adopted three years ago by the Colorado Fuel & Iron Co., one of the largest industrial corporations in Colorado."

"It has since then been put in operation by the Standard Oil Co. of New Jersey in all its plants in various States. Likewise

by the Consolidated Coal Co., one of the leading coal mining companies, and the National War Labor Board and the Fuel Administrator have been urging the adoption of this principle in industry."

If we make men free industrially as well as politically, they will be free spiritually. There will then be less incentive for domestic strife.

The principles of co-operation and co-partnership between "Capital and Labor" must supplant the theory of "capital versus labor" if we are to successfully meet this issue.

Harmony between labor and capital can be promoted and justice advanced only by common fairness to all.

Dismissal: An employee leaving his or her employment either voluntarily or involuntarily should receive just compensation for the stock held in their name.

This will act as a deterrent to promiscuous dismissal.

It will stabilize employment. It will make men more independent of the vicissitudes incident to every business.

They will have some protection against the whims of foreman and superintendents, and especially new foremen and superintendents, with whom friction is so liable to occur.

It is time to realize that a contented employee, free from worry and the practice of injustice, is a better employee. He is a better *producing* employee, therefore a more profitable employee, and a more ambitious employee, all of which is good for all concerned.

The men in high position in commerce, in the counting house, in statesmanship—in every field of endeavor, are the men of ambition. Their ambition is the secret of their success in which they have enhanced their value to the community.

This truth is recognized everywhere and ambitious men are encouraged by their companies as future assets.

Only in the ranks of labor does this not hold good. If ambition is a desirable trait to cultivate everywhere else, why is it not equally desirable to cultivate among workers?

The correction of these conditions we have described lies in giving the employee a voice in determining his own affairs, his interests, his future, his fate. This is the simplest form of democracy. Not to do so is as tyrannical as the operation of any monarchy.

We do not like to think, and some of us do not realize, that tyranny exists in this thing, but it does.

It is better to have a democracy in industry than a revolution in industry.

The way to give industrial representation is by creating committees of employees in every employee body.

These committees to include no foreman or superintendent, though the foremen may have committees of their own.

Such committees shall be accorded complete freedom in meeting and discussing their interests, in non-working hours, and in presenting to the employer any communication which they may wish to transmit.

A copy of any communication submitted to the employer should be forwarded to the Secretary of Labor at Washington.

The employer should be required to make answer within one week, he likewise furnishing to the Secretary of Labor a copy of his reply.

This would automatically bring the entire discussion out into the light, and the mere inauguration of such a plan would be both preventive and curative of many industrial ills.

If any differences of opinion could not be readily adjusted by the parties directly concerned, the Board of Conciliation of the Department of Labor could then lend aid.

An innovation which would constitute but common justice with most beneficial results to the entire community would be the establishment of a clearing house for labor as proposed by the present Secretary of Labor. The man to the job—the job to the man.

Consider how commercial machinery would be crippled were it not for the bank clearing houses. The commerce of the country would never have reached its present strides did it not benefit by all the facilities created for the promotion of commerce.

It is equally obvious that efficiency of labor can be as vastly increased by clearing houses for labor as the banking of the country has been made efficient by clearing houses for banks.

The world looks up to us now as it never did before. What we do here will be adopted elsewhere. Social relations are undergoing a change everywhere. Whole peoples are emerging from the state of oppression under which they have labored for centuries.

Shall we not likewise emerge from the state of oppression which prevails in our industry?

China was once the foremost of nations, but she allowed others to surpass her. Shall we relapse into pre-war conditions or shall we prove our right of leadership in the world field of democracy by applying it even handed to all—politically and industrially alike.

Christ died to make men holy. Let us strive to make men—altogether—free.

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